



# County of Los Angeles

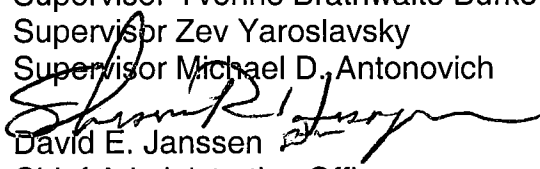
## CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN  
Chief Administrative Officer

May 24, 2004

To: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne Brathwaite Burke  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

From:   
David E. Janssen  
Chief Administrative Officer

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE BRATHWAITE BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

### LIVING WAGE ORDINANCE

During Public Comment at the April 27, 2004 Board of Supervisors meeting, a number of members of SEIU, Local 1877, addressed your Board regarding the April 23, 2004 Chief Administrative Office (CAO) memorandum on the Living Wage Ordinance. Your Board requested a report back regarding the issues raised by the speakers. The individuals that addressed your Board are currently employed by the company under contract with the Department of Health Services (DHS) to provide housekeeping services for various County health facilities – Pedus Building Services (PBS). Those contracts expire on May 31, 2004.

DHS has filed a Board letter for the May 25, 2004 agenda recommending extensions of the nine current contracts. DHS is requesting the extensions to provide sufficient time to address two appeals to the recently conducted Request for Proposal (RFP) process as well as to work with the Auditor-Controller to calculate the avoidable cost for the 19 facilities included in that RFP. DHS expects to return to your Board no later than August 2004 to recommend the award of four new contracts for the 19 facilities.

There is currently a collective bargaining agreement (CBA) between PBS and SEIU, Local 1877 that supersedes and exempts the contractor from the County Living Wage Ordinance. Notwithstanding the fact that PBS is exempt from the living wage ordinance, the salaries currently provided to their employees are consistent with the living wage guidelines. The current CBA expires on June 1, 2004; an extension of the CBA is being negotiated between PBS and SEIU, Local 1877.

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The terms of any future negotiated CBA are unknown, including any provision to pay the County's living wage. It is also important to note that the CBA is an agreement between the contractor and its union; the County is not a party to the CBA. With regard to the exemption, the language in the CBA stipulating that it supersedes the County's Living Wage Ordinance would need to be maintained during the term of the contracts in order to be eligible for the exemption.

Speakers at the April 27 meeting also commented that they believed the prospective increase in the County's living wage rate, which would result if your Board employed the Auditor-Controller model, would be inadequate. As we indicated in the April 23, 2004 memorandum, the determination to increase the living wage is a policy decision at the discretion of your Board. Further, should your Board determine to increase the rate, the specific level is a policy matter as well. While we have recommended utilizing the Auditor-Controller model if an increase is desired, consistent with your Board's action in implementing the current rate, other alternatives could be considered, including the model prepared by this Office's Services Integration Branch, which is also presented in the report.

If you have any questions regarding this memo, please let me know, or your staff may contact Martin Zimmerman of this office at (213) 974-1326.

DEJ:MKZ  
DSP:ef

c:     Executive Officer, Board of Supervisors  
         County Counsel  
         Auditor-Controller  
         Director and Chief Medical Officer of Health Services  
         Affirmative Action Compliance Officer